Monitoring of LC operations

363. SHRIMATI PREMA CARIAPPA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that in the absence of Centralized Monitoring Mechanism to keep track of economic offences, fly by night IT Firms are making hay and duping individuals and companies in a fraud totalling Rs. 15,000 crores and Rs. 3 lakhs;

(b) whether it is also a fact that there is a nexus between private and foreign banks and agencies and touts;

(c) whether Goverment are considering to set up a regulatory authority to monitor Letter of Credit (LC) operations, in the absence of which the forgeries of this kind are on the rise; and

(d) whether Anti-national elements are allowing the inflow of circulation of fake Letter of Credits (LCs) in collusion with Indian banks, at grave risk to the national safety and what measures are taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) Information is being collected and will be laid on the Table of the House.

Smuggling of small denomination coins

364. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that small denomination coins of India are being smuggled into Bangladesh for melting and put to varied uses such as making shaving blades;

(b) if so, the details thereof; and

(c) the steps taken to stop such malpractice?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) such instance has come to notice.

(c) All field formations have been sensitized to maintain strict vigil in this regard.

Raising of foreign currency loans

365. SHRI P.R. RAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to allow Indian companies to raise foreign currency loans at rates much lower than that of external commercial borrowings; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) As per existing policy, the all-in-cost ceiling for foreign currency loans/External Commercial Borrowings (ECBs) has been fixed as follows:

Average Maturity period of loan	All-in-cost ceilings over 6 month LIBOR*
Three years and upto five years	150 basis points p.a.
More than five years	250 basis points p.a.

*London Interbank offered rate *for the respective currency of borrowing or applicable benchmark.*

The all-in-cost ceiling include rate of interest, and other fees and expenses payable in foreign currency except commitment fees, prepayment fee and fees payable in Indian Rupees.

The above mentioned ceiling denotes the maximum cost permissible for raising ECB. Indian Companies are permitted to raise foreign currency loans at rates lower than the ceiling mentioned above.

Target based remuneration system for PSU employees

366. SHRI P.R. RAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are implementing target based remuneration system for the employees in PSUs; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The information is being collected and will be laid on the Table of the house.

Thrust to less capital intensive sectors

367. SHRIMATI SUPRIYA SULE: Will the Minister of FINANCE be pleased to state:

(a) whether sectors that are less capital and infrastructure intensive such as food processing, leather products, footwear, textiles, tourism and construction are likely to get more government support and incentives;

(b) if so, whether these labour-intensive sectors hold the promise of job creation in rural areas and would go a long way in alleviating poverty, as per the economic survey;

(c) if so, what are the main thrust that Government have given to these sectors during the recent budget; and

(d) by when, these schemes are likely to be implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Government has been encouraging industries in general by providing an enabling macro economic environment; non distortionary and internationally competitive tax rates; and infrastructure support. Initiatives taken for the development of food procession, leather products, footwear, textiles, tourism and construction in Budget, 2007-08 include: